
**Reporting Sales or Use Tax Prior to
July 15, 2002, on the Annual Return**

**Sales &
Use tax
notice**

Effective on July 15, 2002, Tennessee law increased the state sales and use tax rate from 6% to 7%. ***Sales and leases of tangible personal property, sales of taxable services, and use tax collections made from January 1, 2002, through July 14, 2002, remained, and will be reported, under the previous 6% state sales tax rate.***

Taxpayers must use the revised state and local sales and use tax return for filing tax returns for the period January 1, 2002, through December 31, 2002. ***In order to accurately report sales made under the 6% rate during the January 1 – July 14, 2002 sales period, or use tax collections during that period, taxpayers should follow the following procedures:***

(1) All sales or use during the period of January 1 – July 14, 2002, should be included with *food sales* made after July 14, 2002, in the gross sales total in Line 1 of the return, and will be included in the total in Line 5.

(2) All sales or use during the period of January 1 – July 14, 2002, will then be listed in Line A, Schedule A, on the reverse side of the return, along with any 6% sales made after July 14, 2002. This

will remove these sales from the 7% sales tax base.

(3) The total from Line A, Schedule A will then be multiplied by 6%; that result will be entered in Line 9, “State Food Tax,” on the front side of the return. This will calculate the 6% state sales tax rate on sales or use during the January 1 – July 14, 2002, sales period.

(4) Finally, the total from Line A, Schedule A, will be included in the total figure on Line 2, Schedule B so that the local option tax can be computed on this amount. This will compute the local option tax due on sales or use during the January 1 – July 14, 2002, sales period.

This applies only to reporting sales and use tax collections for the period of January 1 – July 14, 2002. All other collections on sales or use of non-food items will be reported at the 7% rate on sales and leases of tangible personal property and sales of taxable services.

Have questions or comments? Please let us know. [Contact us.](#)

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